applied to the ranked equity parameters of interest. Such a weighting function will be applied to all equities in the pool of equities to assign each equity a score. These scores may then be sorted, preferably from high to low, and one or more equities having a score most representative of the received user preferences (low P/E, market only) will be selected. The one or more equities and their scores may then be provided to the user in satisfaction of his or her request.

B. Please substitute the following for the paragraph that extends from page 11, line 30, to page 12, line 3.

$\text{Weight}_{P/E}$ = 10 - (P/E rank) **"good when low"** **Eqn. 3**

and an appropriate weight function for ROE could be:

Weight_{ROE} = (ROE rank) **"good when high"** **Eqn. 4**

C. Please insert the following new paragraphs after the paragraph at page 20, lines 14-16.

Some examples of valuation models of varying complexity are the Basic EBO model, Levered EBO model, Risk Proxy EBO model, Levered Beta EBO model, Risk Proxy EBO model, PEG value, and Forward P/E value.

Basic EBO model

The Edwards-Bell-Ohlson (EBO) model is a version of the dividend discount valuation model, which has been rederived in terms of commonly available fundamental equity data. This model incorporates all of the complex valuation terms which were discussed above. As a background reference and to further explain the current EBO valuation model, refer to a paper by Dr. Charles M.C. Lee of Cornell University entitled "Measuring Wealth" from the April 1996 issue of CA Magazine. In this model, the current 30 year treasury-bill rate of return is chosen to be the risk-free rate.

The risk of a given equity for the Basic EBO model is chosen to be "Beta." The preferred selected time frame for all complex valuation models is chosen to be 10 years for the present invention.

Levered Beta EBO Model

The levered beta EBO model is identical to the Basic EBO model with the exception that the Beta is adjusted for the debt level of the equity under consideration. High debt levels effectively yield a higher risk under this model. A comparison between the Levered Beta and Basic EBO

models yields an understanding of how the debt levels of a given equity could effect the intrinsic value of the equity.

Risk Proxy EBO Model

The "Risk Proxy" EBO model discards the traditional measurement of risk, Beta, and instead uses "proxies" for risk. Risk proxies are parameters which do not feed into equity valuation in a traditional accounting sense, but which many investors, by viewing their investment choices, seem to view as indicators of risk. For example, investors seem to view high market capitalization equities as less risky than small equities. Other risk proxies used in this model include:

1. Number of analysts covering an equity, wherein the more analysts cover the equity the less risky the equity is viewed;
2. Debt to market ratio, wherein the higher the ratio, the more risky the equity; and
3. Variation in estimated earnings amongst different analysts wherein the more the variation the higher the risk.

It should be noted that risk proxies are not necessarily true measures of risk--they are merely a means of quantitating how investors view risk.

Sentiment

The sentiment section of the fundamental analysis pages provides a measure of investor, institutional, and analyst sentiment for a given equity. Specific data items are as follows:

Analysts	The average analysts' ratings for the equity (1=strong buy, 5=strong sell).
Institute	Institute represents the percentage of common equity and preferred equity held by institutions. Institutions are banks, insurance companies, or mutual funds with equity assets over $100 million.
Price Momentum	Ratio of latest closing price to closing price of 6 months ago.
Short Ratio	The Short Ratio represents the number of days it would take to clear all of the short interest if the equity was trading at the average volume.

PEG Value

PEG based valuation is a simplistic valuation technique which takes advantage of a rule of thumb. This rule states that the P/E ratio of a fairly valued equity should be equal to the growth rate of the equity. Overpriced equities have higher P/E's and underpriced equities have lower P/E's than their respective growth rates. "PEG" is the ratio of P/E compared to growth rate: PEG = (P/E)/(% earnings growth) and PEG Value = Current Price / PEG. It should be noted that the percentage earnings growth can be expressed as a single year or multiple years worth of growth. The preferred PEG value method of the present invention is a three year PEG. This valuation technique should not be applied to equities with negative growth rates.

Forward P/E Value

The forward P/E valuation is another simplistic technique, which is based upon a rule of thumb. The rule of thumb is that equities typically trade at a constant P/E and therefore the "future" value of an equity can be calculated by comparing the current P/E with the future P/E, which can be predicated using analysts' estimated earnings for this year. The forward P/E value is calculated as:

$$\text{Price} * (\text{P/E,current})/(\text{P/E,future})). \qquad \text{Eq. 1}$$

This valuation technique should not be applied to equities with negative current or future earnings.

D. Please substitute the following paragraph for the paragraph at page 22, lines 21-29.

In the "Use stock data from" section **89**, the user may select to choose stock data from the current time period or from previous time periods, e.g., one month ago, three months ago, or six months ago. In the "Rank within" section **90** the user may choose to rank the equities based on the relative positions of the equities' parameters within the entire market, within the industry, or wihtin both the entire market and the industry. This ranking is performed by comparing values for each parameter (e.g., P/E, etc.) and then ranking each equity according to its parameter value from highest to lowest 1) within an industry, 2) within the market as a whole, or 3) within both the market and an industry. In the "Screen within" section **92,** it is preferable to allow selections either within all industries, or within certain industries, such as the following:

E. Please substitute the following paragraph for the paragraph page 27, lines 11-15.

In the "Use Stock data from" section **122**, the present invention allows the user to use stock data from the current time period or from previous time periods, e.g., 1, 3, or 6 months ago. Furthermore, the "Rank within" section **124** allows the user to select whether the results of the screening will represent the "best" equities within the market as a whole (Market only), within their individual industry groups (Industry only), or both (Market and Industry).

F. Please substitute the following paragraph for the paragraph at page 29, lines 13-18.

In order to assign a score to a parameter in the preferred embodiment, either "Good when high" or "Good when low" must be selected. This tells the screening algorithm the user's personal investing preference for each equity parameter. Thus, in the preferred embodiment, a weighting function for a parameter may be **[score = 10 - market rank]** when "Good when low" is selected or may be score = market rank when "Good when high" is selected. For example, value investors typically seek out equities with low P/E, P/B, and P/S ratios, relative to other equities. As shown in **Fig. 13**, the default setting for P/E is "Good When Low" in order to see relatively low P/E equities. If a user's investing style involves finding high P/E equities, he should select "Good When High."